

January 16, 2006

RE: 80 PPM Low Sulfur Gasoline

Dear Quality State Oil Dealer:

Beginning March 1, 2006 federal regulations require all retail gasoline sold meet the 80 PPM (Parts Per Million) per-gallon cap sulfur standard. This applies to both conventional and reformulated gasoline. For non-compliance the EPA has established fines of up to \$32,500 a day for retail locations not in compliance.

By February 1, 2006 all gasoline suppliers must meet the 80 PPM requirement by having the gasoline available at the terminal. This will allow a one month conversion of your tank to meet the new requirement. This conversion of your regular unleaded tank will occur on its own because of the volume, but this will not be true for mid-grade and super.

To bring your mid-grade and super tank into compliance begin immediately reducing the inventory. As a guideline reduce it to 20% of the receipt volume. For example if you typically receive 1000 gallons, reduce the inventory to 200 before receiving delivery of the 80 PPM gasoline. If this ratio reduces your inventory to the point where the product is unavailable in your tank, a greater volume of product will need to be delivered to ensure you meet the 80 PPM requirement.

If you are on Quality State Oil's "keep fill" program, Randy will follow these same guidelines to bring you into compliance. He will reserve the right to deliver a greater volume of mid-grade or super than you normally receive in order to bring you into compliance.

The EPA is not requiring marketers to test the gasoline for sulfur levels. They believe tracking of downstream terminals can be done through "Product Transfer Documents" (PTD). Currently a PTD is being left at your store upon delivery. This document will be changed by March 1 to include the required section for the low sulfur cap.

If you have any further questions, feel free to contact Randy at extension 328 or Scott at extension 327.

Regards,

Scott A. Stangel  
Wholesale Marketing Manager

Cc: Randy Mueller  
Bernie Nowicki